

**MINUTES OF THE  
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE  
Thursday, January 28, 2010  
Room 415, State Capitol Building, State Capitol Complex**

MEMBERS PRESENT: Sen. Dennis Stowell, Co-Chair  
Rep. Kerry W. Gibson, Co-Chair  
Sen. Brent Goodfellow  
Sen. David Hinkins  
Rep. Jack Draxler  
Rep. James R. Gowans  
Rep. John G. Mathis  
Rep. Michael E. Noel  
Rep. Christine Watkins  
Rep. Bill Wright

MEMBERS ABSENT: Rep. Robert Barrus

STAFF: Ivan Djambov, Fiscal Analyst  
Linda Service, Committee Secretary

**Note:** A list of visitors and a copy of handouts are filed with the committee minutes.

Sen. Stowell called the meeting to order at 2:21 p.m.

**SITLA Bonuses: Analyst Presentation**

The Fiscal Analyst discussed SITLA Bonuses Issue Brief. The reason for this item to be on the agenda is three-fold: (1) to update the members of the Natural Resources Subcommittee on what has happened with SITLA's bonuses since the last Legislative Session, (2) to provide a recommendation from the Office of the Legislative Fiscal Analyst, and (3) to allow for SITLA to offer a response and answer questions.

In FY 2009 the School and Institutional Trust Land Administration paid \$428,600 in bonuses to its approximately 70 employees. The payments included as many as three bonuses for certain senior managers, and one of those bonus payments was made two months earlier than usual. Since the inception of the bonus program in 1997, SITLA has spent nearly \$3.1 million on bonuses. Concerns over SITLA's bonuses have been raised by the public, media, and legislators. The main concern at this time is that when the funding for public education (the main beneficiary) is considerably insufficient, SITLA has spent in FY 2009 \$428,600 for bonuses. This amount includes paying three bonuses to its senior managers and spending \$165,000 more than originally budgeted, using unexpended funds that otherwise would have been sent to the permanent trust fund. The Analyst recommended that the Legislature consider restoring to the permanent trust fund the \$165,000 used for the third bonus by reducing SITLA's budget by \$165,000 one-time in FY 2010.

Sen. Stowell distributed the handout, "Timeline". He reviewed the document for committee members. There was further discussion and clarification by the committee. Rep. Gibson called attention to a handout with no title which was produced by SITLA. A discussion followed.

## **Agency Presentation**

Kevin Carter, Director, SITLA, was assisted by James Lee, former member of the Board of Trustees and Senior Counsel at Parsons Bailey Law Firm. Director Carter commented on concerns which had been expressed by members of the committee and acknowledged there had been misunderstandings. Mr. Lee gave a detailed history of the bonus program and the reasons for its adoption. Director Carter and Mr. Lee responded to questions and concerns of committee members. A discussion followed by committee members.

## **SITLA Base Budget: Analyst Presentation**

The Fiscal Analyst discussed School and Institutional Trust Lands Administration Budget Brief. He commented on Issues and Recommendations: (1) Temporary RS 2477 Resource Specialist - SITLA is requesting funding to utilize the temporary Resource Specialist hired with one-time funding appropriated in the 2008 General Session to continue to help with the RS 2477 process. The Analyst recommended the Subcommittee provide for FY 2011 a one-time appropriation of \$46,300. (2) Eagle Mountain Water Acquisition - for FY 2010, the agency is requesting \$3.5 million supplemental appropriation, which they intend to combine with the \$2.5 million currently in their budget, for the acquisition of approximately 1,250 acre feet of water banked with Eagle Mountain City. For FY 2011, SITLA is requesting a one-time appropriation of \$3.4 million for the acquisition of additional water to be banked with Eagle Mountain City. The Analyst recommended the subcommittee fund both requests. (3) Federal Land Exchange - SITLA is requesting a one-time appropriation of \$300,000 for FY 2011 to cover half of all costs of an exchange of approximately 46,000 acres of trust lands for BLM lands with high mineral values. The Analyst recommended the Subcommittee fund this request.

The Analyst introduced a document from SITLA reviewing the status of the Trust Lands' major development projects. The report shows the financial results of each major project and describes the project plan and performance.

The Analyst gave a brief overview of SITLA Fees.

## **Agency Presentation**

Director Carter elaborated on major accomplishments of the agency, citing the passage of the Utah Recreational Land Exchange Act of 2009 which provides for conveyance of 46,000 acres of trust land to the United States and about 36,000 acres of federal mineral land to the state of Utah. He also noted that the permanent fund as of December 31, 2009 was \$1,023,391,210. Director Carter reviewed the agency's funding requests: Eagle Mountain water acquisition; resource specialist to resolve road issues in conjunction with the Public Lands Office; engage appraisers, mineral estate valuers, establish respective value of every parcel and property and anticipate administrative costs with respect to the Land Exchange Act of 2009; business systems replacement, oil/gas educational program; and water requisition.

Margaret Bird, Utah State Office of Education, spoke to the importance of the oil/gas education

program to SITLA beneficiaries, along with the replacement of the business system.

**MOTION:** Rep. Noel moved to amend the budget to approve funding of the item to replace the business system and the item to fund the oil/gas education program. The motion passed unanimously with Sen. Goodfellow, Rep. Mathis, and Rep. Gibson absent for the vote.

### **Utah Geological Survey: Analyst Presentation**

The Analyst reviewed Utah Geological Survey Budget Brief. UGS is an applied scientific agency that creates, interprets, and provides information about Utah's geologic environment, resources, and hazards, to promote safe, beneficial, and wise use of the land.

### **Agency Presentation**

Rick Allis, State Geologist/Director, Utah Geological Survey, addressed the committee and briefly summarized a handout prepared for committee members. He specifically commented on the impact of budget reductions. Director Allis presented eight slides representing each of the agency's programs. Jason Berry, Utah Geological Survey, State Energy Program, responded to questions from committee members regarding the State Energy Program.

**MOTION:** Rep. Watkins moved to adjourn at 4:10 p.m. The motion passed unanimously.

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Sen. Dennis Stowell, Co-Chairman

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Rep. Kerry W. Gibson, Co-Chairman

